

STATEMENT OF CONSIDERATION

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN INVENTIONS MADE BY PARTICIPANTS IN THE PERFORMANCE OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS ENTERED INTO BY SOUTHERN UNIVERSITY RESEARCH ASSOCIATION, INC., UNDER ITS MANAGEMENT AND OPERATING CONTRACT NO. DE-AC05-84ER40150 - [W(C)-93-002; ORO-550]

The Department of Energy (DOE) considers its Government-owned, Contractor-operated (GOCOs) laboratories, such as Southern University Research Association, Inc. (SURA), national resources capable of providing significant contribution to the development of new products and processes, creation of jobs, enhancement of the skill level of the U.S. labor force, and in improved U.S. competitiveness.

Congress, recognizing this unique aspect of GOCO laboratories, enacted the National Competitiveness Technology Transfer Act of 1989, hereinafter "Act" (Public Law 101-189). The purpose of this Act was to promote technology transfer between GOCOs and the private sector in the United States and to enhance collaboration between universities, the private sector, and the GOCOs in order to foster the development of technologies in areas of significant economic potential. It was noted in the Conference Report that it is the intent of the Conferees that the Laboratory Manager of GOCOs be granted authority to facilitate technology transfer to the fullest extent authorized by law.

The Act amended the Stevenson-Wydler Technology Innovation Act of 1980 (Public Law 96-480), as amended, in a number of major aspects. First, the Act extended, upon agency approval, to GOCOs the authority earlier specified in Section 12 of Stevenson-Wydler for Government-owned Government-operated (GOGOs) Federal laboratories to enter into Cooperative Research and Development Agreements (CRADAs) with one or more non-Federal parties [hereinafter Participants].

Second, the Act required the GOCOs' operating contracts be modified, to the extent not already included, to establish technology transfer as a mission for the laboratories.

The Act defined a CRADA as:

Any agreement between one or more Federal Laboratories and one or more non-Federal parties under which the Government, through its laboratories, provides personnel, services, facilities, equipment, or other resources with or without reimbursement (but not funds to non-Federal parties) and the non-Federal parties provide funds, personnel, services, facilities, equipment, or other resources toward the conduct of specified research or development efforts which are consistent with the missions of the laboratory.

Expressly excluded from this type of agreement are procurement contracts, grants or cooperative agreements as these terms are used in Sections 6303, 6304, and 6305 of Title 31.

The term "Laboratory" as set forth in the Act includes for purposes of this Class Waiver any of the facilities SURA manages and operates under the Prime Contract No. DE-AC05-84ER40150 (hereinafter the ER40150 Contract).

The scope of this Class Waiver is directed to an advance waiver to the Participants of inventions made by employees of the Participants or persons acting on behalf of the Participants under the class of CRADAs entered into by Participants with SURA under the ER40150 Contract pursuant to the Act. Since CRADAs do not fall within the definition of "funding agreements" of Public Law 96-517, the patent policy set forth therein as applicable to small businesses and non-profit organizations does not apply. Hence, inventions made by any small business, non-profit organization or for-profit large business Participants to the CRADA are intended to be covered by this Class Waiver.

With respect to the advance Class Waiver to the class of CRADAs under the Act, it is expected that SURA will negotiate agreements that provide for substantial cost sharing of a joint research effort between SURA and the Participants. In so doing, this advance Class Waiver is seen to be an extension of existing DOE patent waiver policy which recognizes that substantial cost sharing by Participants is an indication of commitment by the Participants to advance the technology and effect commercial utilization. Additionally, the work being performed under CRADAs will typically be driven by Participants' needs and will most likely be of near term commercial value; hence it is believed that the granting of the advance Class Waiver of inventions made by Participants under CRADAs will also make the benefits of the CRADA research widely available to the public in the shortest practicable time and promote the commercial utilization of the waived inventions.

Further, it is believed that technology transfer will be enhanced by both SURA and the CRADA Participants, as appropriate, being able to offer for commercialization purposes waived inventions with other related inventions and intellectual property.

Implementation of the advance Class Waiver is to be by execution of an approved CRADA. Participants' cost of filing and maintaining any patent application(s) or patent(s) on their inventions will be at private expense.

It is expected that in negotiating the commercialization rights to the waived inventions (including background inventions owned by the parties, if any), SURA and the Participants will be guided by the respective equities of the parties, the small business status of the Participants, if applicable, and the overall objective of attempting to secure the most expeditious commercialization route for moving the technology from the research stage to the marketplace. Hence, it is recognized that the parties may conclude, in order to achieve the above objectives, that either SURA or the Participants should hold title to all of the inventions made under the CRADA. Where this occurs from good faith negotiation of the commercialization rights, any disposition of rights set forth in the CRADA of waived inventions other than each party owning its own inventions as provided for in this advance Class Waiver will not be a basis for disapproval by DOE of the submitted CRADA.

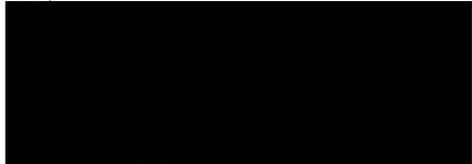
The scope of the Class Waiver does not include inventions which: (1) fall within DOE's weapons programs for inventions which principally relate to weapons or inherently disclose or suggest a weapons application where such disclosure or suggestion would be detrimental to national security, naval nuclear propulsion program, uranium enrichment (including isotope separation) program, storage and disposal of civilian high level nuclear waste or spent nuclear fuels; (2) relate to subject matter that is classified or sensitive under Section 148 of the Atomic Energy Act of 1954, as amended; (3) are covered by an exceptional circumstance determination made by DOE prior to the time of execution of the CRADA; or (4) come within the ambit of international agreements or treaties in existence at the time of execution of the CRADA.

This waiver of the Government's right in inventions as set forth herein is subject to the Government's retention of: (1) a non-exclusive, non-transferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States the waived inventions, and (2) march-in rights (comparable to those set out in 35 U.S.C. 203).

The grant of this Class Waiver should not result in adverse effects on competition or markets concentration. Waived inventions will be subject to a royalty-free license to the Government and DOE has the right to require periodic reports on the utilization or the efforts at obtaining utilization that are being made for the waived inventions. If SURA or Participants are not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in right and require licensing of the invention.

Grant of the Class Waiver should advance the prospect of technology transfer between SURA and its CRADA Participants. It would permit SURA, on the one hand to meet its contractual commitments to implement the National Technology Transfer Act of 1989, and allow CRADA Participants to acquire rights in subject inventions by a simple election procedure on the other hand. The result would be to permit SURA and CRADA Participants to more easily negotiate rights in subject inventions generated during the course of or under a CRADA.

Accordingly, in view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy, the objectives of Public Law 101-189 and Executive Order 12591 all of which have been considered, it is recommended that this Class Waiver as set forth above will best serve the interest of the United States and the general public. It is therefore recommended that the waiver be granted.



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Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by waiver of the United States and foreign patent rights as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any waiver previously granted.

CONCURRENCE:

APPROVED:

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Director, Office of Energy
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Assistant General Counsel
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Date: _____

Date: 12/21/93

Roger Lewis
Director, Office of Technology Utilization

Date: 12/7/93

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